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29 APR 1964

4. file

Mr. Andrew H. Ruddock, Director
Bureau of Retirement and Insurance
Washington, D. C. 20415

Dear Mr. Ruddock:

This letter sets forth proposed changes in benefits and premium rates which we desire to make in the Association Benefit Plan for the contract year beginning 1 November 1964.

We have had several preliminary discussions with our underwriter during which we were informed of the probable necessity to raise premium rates for the high option feature of the Association Benefit Plan. At the same time, we asked the underwriter for cost figures of additional benefits which, in our view, would significantly add to the value of our Plan for Association members. The formal proposal from the underwriter, with actuarial figures for the additional benefits we sought, has been received and has been discussed by the Association's Board of Directors. I have been authorized to submit the following statement, which is an extract from a letter received from the underwriter:

In compliance with the United States Civil Service Commission directive that all changes for the fifth contract term be submitted no later than April 30, 1964, Mutual of Omaha Insurance Company proposes to renew your contract with a biweekly rate of \$2.87 for self only and \$7.85 for self and family under the high option and to maintain the low option at its present level.

Our proposal is predicated on the program's current experience, the steadily increasing cost of medical care, an agreed-to increase in the room and board benefit to \$22 and the administrative liberalizations of the Regulations proposed by the Civil Service Commission.

At your request, we have reviewed certain portions of the benefits under the high option and have determined that the following biweekly adjustment in the subscription charges will be necessary to add these benefits to the program effective November 1, 1964:

HIGH OPTION

<u>Benefit</u>	<u>\$ Increase (Biweekly)</u>	
	<u>Self Only</u>	<u>Self & Family</u>
1. Increase OB from \$80 to \$100	0	.09
2. Increase Hospital Room & Board from \$22 to \$25	.13	.36
3. Increase in Surgical Schedule for fractures of arms and legs. (No increase in anesthesia allowance)		
0780 to \$150	0881 to \$200	
0798 to \$ 75	0901 to \$115	
0804 to \$115	0926 to \$150	
0820 to \$100	0927 to \$200	
0842 to \$ 40	0933 to \$115	
0852 to \$ 40	0934 to \$175	
0853 to \$ 60		.02
4. Blood transfusions (direct and indirect) to \$31.25	0	.01
5. D & C not connected with pregnancy to \$75	0	.01
6. Circumcision (newborn) to \$18.75	0	.01
7. Malignant tumors (large and small) to \$62.50	0	.01
8. Nasal polyps to \$25 each time	0	.01
9. Sutures to:		
3 - 5 \$15 10 to 20 \$35		
5 - 10 \$25 Over 20 \$50	.01	.04

Mutual of Omaha Insurance Company further proposes to increase its allowance for expenses by 1/2 of 1% in view of the fact that the expenses for the last contract period (approved by the Civil Service Commission) equalled the present maximum allowable expense. This may not necessarily increase the total retention since only expenses approved by the United States Civil Service Commission are charged against the program.

Upon review, the Association has decided to request incorporation of all of the additional benefits set forth above which in our judgment would improve the current plan. At the same time, the Association, for the first time, finds it necessary to request authorization for an administrative expense allowance in the amount of 1% for use in meeting cost of administering the Association Benefit Plan.

Please be advised that the Association has no objection to the 1/2% increase in the administrative expense allowance requested by the underwriter, as set forth above.

On the basis of our calculation, the increase required by the underwriter and the rate for the additional benefits set forth above, as well as the addition of our requested 1% administrative expense allowance, would increase the biweekly high option rates for self only to \$3.05 and the biweekly high option rate for self and family to \$8.49. In our judgment, this increased rate keeps our plan competitive with other plans while at the same time provides our members with a substantial hospitalization plan.

We are available for discussion of our proposed changes as you may feel necessary.

Very truly yours,

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President

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(28 April 1964)

Deputy

*This letter was discussed with and cleared by [redacted]
Director of Personnel.

Two copies were sent to Mutual of Omaha on 4 May 1964